

CAI  
HW 724  
- 1994  
S51



3 1761 11557120 0

## FORUM COLLECTION

### ***THE SOCIAL CONTRACT AND SENIORS: PREPARING FOR THE 21ST CENTURY***



Government  
of Canada

Gouvernement  
du Canada

National Advisory  
Council on Aging

Conseil consultatif national  
sur le troisième âge

Canada



***THE SOCIAL CONTRACT FOR SENIORS IN CANADA:  
PREPARING FOR THE 21ST CENTURY***

*by*

***MONICA TOWNSON***

***NATIONAL ADVISORY COUNCIL ON AGING  
MARCH 1994***

To obtain more information on this report, please contact:

National Advisory Council on Aging  
Ottawa, Ontario  
K1A 0K9  
tel.: (613) 957-1968  
fax: (613) 957-9938

The *Forum Collection* is an information series designed to create public awareness and promote discussion.

John E. MacDonell, MD, FRCP(C)  
Chairperson

Susan Fletcher  
Executive Director

1st printing: 1994

© Minister of Supply and Services Canada 1994  
ISBN: 0-662-60192-0  
Cat. No.: H71-3/19-1994

## ***WHAT IS THE NATIONAL ADVISORY COUNCIL ON AGING?***

The National Advisory Council on Aging (NACA) was created by Order-in-Council on May 1, 1980 to assist and advise the Minister of Health on issues related to the aging of the Canadian population and the quality of life of seniors. NACA reviews the needs and problems of seniors and recommends remedial action, liaises with other groups interested in aging, encourages public discussion and publishes and disseminates information on aging.

The Council has a maximum of 18 members from all parts of Canada. Members are appointed by Order-in-Council for two- or three-year terms and are selected for their expertise and interest in aging. They bring to Council a variety of experiences, concerns and aptitudes.

## ***MEMBERS OF THE NATIONAL ADVISORY COUNCIL ON AGING***

(as of February 2, 1994)

### **Chairperson**

John E. MacDonell

Halifax, Nova Scotia

### **Members**

Julia Best

Southern Harbour, Newfoundland

Andrea Boswell

Scarborough, Ontario

Ruth Carver

London, Ontario

Donna Ford

Williams Lake, British Columbia

Marguerite Hogue-Charlebois

Montréal, Québec

Wilma Mollard

Saskatoon, Saskatchewan

Noëlla Porter

Sainte-Foy, Québec

Médard Soucy

Baie-Comeau, Québec



*ABOUT THE AUTHOR*

- **Monica Townson** is an economic consultant with an extensive background in social policy and issues relating to seniors. She is the author of *The economic situation of Canada's seniors: A precis*, published by the National Advisory Council on Aging in 1991 and was the Chair of the Ontario Fair Tax Commission, which reported in 1993 with recommendations for tax reform in that province.

# ■ ■ ■ ■ ■ ■ ■ ■ F O R U M ■ ■ ■ ■ ■ ■ ■ ■

---

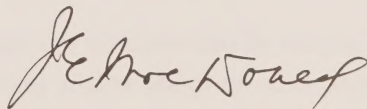
## *PREFACE*

The cradle-to-grave programs that benefit all Canadians emerged in the early part of the 20th century with the introduction of the precursor to the Old Age Security pension and achieved their full development in the prosperous period following the Second World War. The rationale underlying all of these programs was that society as a whole, through government, had a responsibility for all Canadians. Seniors have benefited from the introduction of retirement income programs including Old Age Security, Guaranteed Income Supplement, Spouse's and Widowed Spouse's Allowance and the Canada/Quebec Pension Plan, as well as from the establishment of social services through the Canada Assistance Plan and the introduction of a national health insurance system.


This network of programs is facing serious challenges, however, owing to national and provincial fiscal pressures, fundamental changes in the structure of the economy and the aging of the population. Some observers question the effectiveness of these programs in meeting the changing needs of Canadian society, as well as their affordability. Others defend our social welfare system while acknowledging that reforms are needed.

To provide information about the challenges facing social programs for seniors and to stimulate discussion, NACA has invited social policy analysts with differing perspectives to present their views on the future of social welfare for seniors in the *Forum* series. The paper prepared by Monica Townson is the first in these essays; NACA hopes to publish different points of view in the coming year.

The Council takes no position on the opinions expressed in this paper, but hopes it will encourage seniors and those involved with seniors to reflect on Canada's social commitment to seniors and to express their views to their federal and provincial government representatives.



John E. MacDonell, MD, FRCP(C)  
Chairperson



Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto

<https://archive.org/details/31761115571200>



*THE SOCIAL CONTRACT FOR SENIORS IN CANADA:  
PREPARING FOR THE 21ST CENTURY*

Canada's commitment to senior citizens is under review. That much is clear from recent tax changes, from the federal government's announced review of social programs, from statements by bureaucrats and policy-makers and from comments and discussions of social policy analysts. But above all, the possibility of a change in the commitment is evident from the question heard more and more frequently: "Can Canada afford its aging population?"

That the question should be phrased in such a way is intriguing. The implications of a negative answer are never spelled out. Seniors will be there, whether we can 'afford' them or not. But if Canadians believe this country cannot 'afford' its aging population, the implication is that serious changes in our social contract with seniors will have to be contemplated.

Many would argue those changes are already under way—not only in Canada, but in many other countries. Population aging is a phenomenon currently being experienced, although at different rates, in almost all industrialized societies. That demographic imperative, combined with the fiscal constraints faced by many governments as a result of world-wide economic conditions, has led many countries to re-examine their programs and policies, and in many cases to make serious changes in the commitments they had made to older citizens. But are changing demographics and economic conditions really reasons for making changes at this time? And is a change in the social contract with seniors inevitable?

In my view, changes that would reduce our commitment to seniors are not inevitable. I will argue that the choices society makes about its commitment to its older citizens are political, not economic choices. They are questions of political

priorities, not economic imperatives. But in a democratic society, that is how decisions are made about allocation of resources—whether between regions or generations.

In this paper I will describe what is understood as the social contract for seniors in Canada and will look critically at the key reasons that have been advanced for reviewing it at this time. I will examine some of the solutions that have been proposed or implemented in other countries to deal with what some have seen as the crisis of an aging population, particularly in the United States, New Zealand, Australia and Europe, comparing the social contract with seniors in those countries with public policies for seniors in Canada. I will trace the probable future direction of this social contract in light of known social, demographic, political and economic trends in Canada. I will conclude with an outline of what I believe is the most desirable future for the social contract for seniors in Canada, taking into account trends in health care, income security, employment and social services and describe how this future could be attained.

## *1. WHAT IS THE SOCIAL CONTRACT WITH SENIORS?*

Probably the most important distinguishing feature of any modern society is the way it treats its citizens—the old and the young, the poor, the sick and the unemployed. Industrialized societies have long recognized the need for community action on behalf of different groups of citizens. What has come to be known as the ‘Welfare State’ has been seen as moderating the intensity of social conflict and enhancing social cohesion.<sup>1</sup>

A sense of security was the dominant goal of social policies and programs in the post-war period of the late 1940s. Canada’s welfare state provided that security in two ways: by establishing a system of income transfers to protect against loss of income through unemployment, disability, old age, and other circumstances; and by

developing the capacity of individuals to participate effectively in the economy and society through services such as education and health care.<sup>2</sup>

Redistribution of income was also a goal of Canada's social programs. Equity among people in similar circumstances, sometimes referred to as 'horizontal equity,' was promoted by a redistribution of resources from the employed to the unemployed, from the healthy to the sick and from the non-aged to the aged. Initially, there was less emphasis on redistribution of income from rich to poor, sometimes referred to as 'vertical equity,' although the focus on redistribution through programs targeted on the poor has been increasing since the mid-1960s.<sup>3</sup> One might even argue that 'vertical equity' has now superseded 'horizontal equity' as a goal of social programs.

The importance of social integration as a goal of social programs has been evident since the beginning. Indeed, Canada's commitment to its social programs has been seen by many as an important difference between this country and the United States and was a major point of discussion during the debate over free trade.

Traditionally, Canada has stood somewhere between the Europeans and the Americans in its approach to collective responsibility for its citizens. While most European countries have an extensive commitment to social programs available to all citizens, the U.S. system focuses on targeting benefits to the needy—except in the case of programs for seniors. Social security is universal and there is free medical care for all seniors. No doubt because of this, these programs have a strong basis of support among Americans and have so far been able to withstand attacks by those who would like to see the commitment to seniors reduced.

Canada's social contract with its older citizens has had a mix of universal benefits combined with social insurance and a significant element of individual responsibility. In effect, it might be described as an attempt at collective responsibility within a market economy.



Income security in retirement has been provided through a universal old age pension financed through general revenues, supplemented by an earnings-related benefit funded on social insurance principles. The addition of the Guaranteed Income Supplement (GIS) has effectively provided a guaranteed annual income for seniors, albeit at a relatively low level. But the public pension system provides only a basic minimum benefit and significant tax incentives are given to individuals to encourage them to make their own arrangements to accumulate retirement income.

Employment may continue to age 65 without discrimination, although the Supreme Court has upheld mandatory retirement at age 65 as a valid exception to age-based discrimination outlawed under the *Charter of Rights and Freedoms*. Universal health care has protected seniors against the devastating financial impact of serious illness in old age. Additional benefits, such as free prescription drugs have been available to seniors when they are not generally available to the non-aged. Long-term care facilities have been provided by the State. Tax measures, such as the age credit and the pension income credit have been provided to seniors through the *Income Tax Act*. Private sector initiatives, such as discounts for seniors, higher rates of interest on their savings, reduced fares and other bonuses have been made available.

Many of these elements are based on age and not income. In other words, they emphasize a transfer of resources from the non-aged to the aged. In general terms, Canada has had a significant commitment to a collective responsibility for its older citizens. Fundamentally, that commitment has been based on the view that seniors made a significant contribution to society during their younger years that should be recognized through collective action and support during old age.

What has happened that we now feel the need to revisit that commitment and to contemplate changes in our social contract with seniors? The real question, as Keith Banting has pointed out, is whether things have changed so dramatically that

the basic objectives of our social programs must also change. "Is it now time to say that we can no longer afford to make security an important social goal; that security in a world of change and restructuring is unattainable; that priority must now be given to incentives to change; and that more of the costs of adjustment must be shifted to individuals and regions? In a similar vein, is it time to say openly that Canadians should no longer see social programs as instruments of social integration, and that they must find other common elements of their lives to celebrate as the ties that bind us together?"<sup>4</sup>

## **2. *DO WE NEED TO CHANGE THE SOCIAL CONTRACT WITH SENIORS?***

A number of reasons have been put forward as justification for revisiting the social contract with seniors, not only in Canada, but in other industrialized countries, notably the United States, the European countries, Australia and New Zealand. Of course these countries differ considerably in their commitment to their senior citizens. They do not necessarily have the same kind of social contract with their senior populations as does Canada. Nevertheless, all these countries are re-examining their commitments to senior citizens and all are advancing similar reasons for doing so.

The arguments may be grouped under three main headings: demographics, generational equity and fiscal constraints. I propose to cast a critical eye on each of these broad subject areas, although each is linked with the others. I will also argue that political ideology is an overriding factor that links policy measures undertaken in a number of different countries to adjust to population aging.

### **2.1 *Voodoo Demographics and Dependency Ratios***

The phenomenon of population aging is well-known and there is no need to discuss it at any length here. In 1991, people aged 65+ accounted for 11.6% of Canada's population. By 2036, this age group is expected to be 23.2% of the



population of this country.<sup>5</sup> As the baby-boom generation (those born between 1945 and 1965) moves through retirement, older age cohorts will form an increasing percentage of the elderly population—an important consideration in the demand for health and long-term care services.

Of course, these projections are based on assumptions about fertility and mortality rates as well as levels of immigration, all of which are almost impossible to predict with any accuracy for a 45-year period—especially when we remember that the demographics of an aging population can be moderated by immigration policy and other policy initiatives, at the discretion of the government.

Other countries are further along the path of population aging than Canada is. For example, persons aged 65+ were 11.4% of the European population in 1970 and 13.4% in 1990 and are expected to be 20.1% of the population in 2025. Population aging is a world-wide phenomenon. From 5% of world population in 1950, persons aged 65+ are expected to account for almost 10% of world population by 2025.<sup>6</sup>

Perhaps because these trends seem indisputable, they are being used as the basis for the movement to reopen the social contract with seniors. But as one U.S. expert has described it, ‘voodoo demographics’ is being used to justify short-sighted policies. According to James Schulz, Kirstein professor of aging policy at Brandeis University, by presenting selected data, practitioners of voodoo demography purport to demonstrate a growing crisis. They conclude that there will not be enough workers to support the obligations of America’s social security system when the huge baby-boom generation retires in the next century. That conclusion is then being used to justify proposals to radically restrict social security and medicare for future retirees, while meeting commitments to current beneficiaries. And it is used to call for greater reliance on families and less on government when caring for those elderly needing long-term care.<sup>7</sup> Similar statements are being made in Canada and some other countries.

The key argument of the voodoo demographics school is the question of dependency ratios. At the root of the argument is the claim that as the baby-boom generation moves into retirement, there will be fewer and fewer workers to support the aging population. The Economic Council of Canada captured the essence of the argument in the title *One in Three: Pensions for Canadians to 2030*, used for its study of pensions, which formed a key element of Canada's 'great pension debate' in the early 1980s. The 'one in three' refers to the proportion of those aged 65+ compared with the working age population expected by the year 2030. The ratio is what demographers refer to as the 'aged dependency' ratio.

But Schulz and others have pointed out that the aged dependency ratio reflects only part of the burden of supporting a dependent population, since it includes only the elderly and not the young. Young people also make demands on society in terms of education, health care and other expenses. While it is true that the aged dependency ratio is increasing steadily, the youth dependency ratio is declining. In fact, in Canada, the total dependency ratio, which reflects the ratio of working age population to those aged 19 and under and 65 and over, is expected to decline steadily until 2011. Although slight increases are expected from that year until 2036, the ratio in 2036 will still be below the total dependency ratio of the Canadian population in the 1950s and 1960s.<sup>8</sup> In the United States, the total dependency burden in 2030 and the 50 years that follow is projected to be lower than it was during the entire 1960s.<sup>9</sup>

Of course, it can be argued that the costs of caring for the young are different and more likely to be borne by the family than are those for the elderly. For example, it is often suggested that state expenditures on seniors are typically three times state expenditures on the young. But even that, it seems to me, is a question of policy choices. What is being measured here is what passes through the public purse, not what the costs are to the economy as a whole.<sup>10</sup> One might also argue that to the extent that society as a whole makes a commitment to caring for seniors as a

collective responsibility, whether through health care, long-term care arrangements or retirement incomes, the children and families of seniors are relieved of the responsibility and cost of providing for their aging parents directly. In other words, it is not only seniors who benefit from programs directed at them.

## 2.2 *Generational Equity and the Politics of Aging*

The beginning of a backlash against seniors was identified in the United States about ten years ago. In fact, the formation of the national organization called Americans for Generational Equity in 1985 has been characterized as part of an organized backlash aimed at questioning the future of the U.S. social security system and the assumption that the young should support the old.<sup>11</sup>

Since then, the issue of generational equity has received increasing prominence, with the media taking up the cause as a case of 'kids versus canes,' not only in the U.S. but in Canada and elsewhere. The idea that seniors are competing with the young for scarce and limited resources has taken hold. A recent column in the *Globe and Mail*, for example, suggested that seniors in Canada might be asked to give up some of their benefits so the money could be redirected to day care for children.

The generational equity movement has clearly not developed in Canada to the extent that it has in the U.S., but the issue has been placed on the policy agenda—most notably around the issue of funding of the Canada/Quebec Pension Plan (CPP/QPP). Although federal and provincial governments have now established a schedule of contribution rates for the next 30 years to account for the aging of the population, and have agreed to review and adjust it every five years, the suggestion is now being floated in some quarters that Canadians will not be willing to pay for the pensions of the baby-boom generation when they retire and CPP contributions for those of working age are scheduled to rise to about 13% of earnings in 2025 (only

half of which is paid by the employee) compared with the current 5.2%. It is astonishing that policy-makers believe they can predict how Canadians will feel about their social contract with seniors in 30 years from now. But these efforts clearly mark the beginning of a generational equity movement in Canada.

Now that government programs have succeeded in reducing (although not eliminating) poverty among elderly Canadians, more and more commentators are suggesting that we have 'given too much' to seniors. The stereotype of seniors as a poor, impotent and deserving minority has been replaced with yet another stereotype—a wealthy and powerful voting block.<sup>12</sup>

In the United States, a 1986 report from the Gerontological Society of America (GSA), *Ties that Bind: The Interdependence of Generations*, by Kingson, Hirshorn and Cornman, attacked some of the myths and pointed out that voting behaviour of older persons is guided more by party affiliation, social class, race and political belief than by age. Failure to recognize the heterogeneity among seniors, said this report, even among those aged 85+, leads to distortions on how social problems are defined and limits the types of policy options given serious consideration. But the stereotypes persist, the authors say, in part because stereotypical thinking is convenient, in part because negative attitudes toward seniors and aging persist, and in part because such stereotyping furthers certain political ends such as reducing social programs.<sup>13</sup>

The GSA report drew attention to the fact that the generational equity argument, based on the notion of old and young competing for scarce resources, does not take into account future economic growth, the potential for many to work beyond the age of 65 and the increased participation of women in the labour force.



## 2.3 *Economic Conditions and Fiscal Constraints*

Current economic conditions and the fiscal constraints faced by governments in Canada and elsewhere have been raised as major arguments for reviewing the social contract with seniors. The obvious fiscal constraints of the 1990s are being used as justification for scaling back on commitments to collective responsibility for seniors. If we are having difficulty meeting the needs of seniors now, the argument goes, how much more difficult it will be when they account for a much higher proportion of the population in 20 or 30 years' time. Such arguments lead to the conclusion that commitments to seniors should be cut back now to avoid the future problem.

But most of the forecasts fail to acknowledge that, despite current economic conditions, the economy will turn around. No reputable economist would claim that in the next 30 years there will be no economic growth whatsoever. Schulz has noted one calculation that if the real rate of growth of the U.S. economy averages 2% a year, the real costs of supporting each 'dependent' person—after accounting for inflation—can be five to six times greater than in 1960 without increasing the economic burden on society. Similarly, he says, the most commonly accepted assumptions used as a basis for estimating the future revenues and expenditures of social security indicate that, after adjusting for inflation, the total output of goods and services of the United States (its gross national product—GNP) per capita will double by the year 2030 and triple by 2060.<sup>14</sup>

In Canada, projections that take into account economic growth result in significantly different outcomes than the more usual projections based on demographic factors only. One 1985 forecast, for example, which assumed an average annual rate of growth in real GNP of between 2% and 2.5% a year, estimated that, given no change in social programs, social spending on income security and health care for seniors would fall from 20.8% of GNP in 1984 to about 16% in 2031.<sup>15</sup>



Other observers have pointed out that, while the conventional wisdom is that population aging will have a major adverse impact on the public sector burden, an analysis of demographic changes in relation to economic growth makes it clear that population aging is not always the most important factor.<sup>16</sup> Using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M), Murphy and Wolfson found that several factors, including age-specific utilization of health care, the balance between institutional and ambulatory care, and the design of income security programs are of major importance in projections of the 'burden' of an older population.

In fact, these authors pointed out, a 1986 study from the International Monetary Fund showed that Canada faces the lowest public sector cost pressures on account of population aging of seven major industrialized countries. Their analysis shows this surprising result is largely attributable to the indexing provisions of the major public pension programs. In effect, while more and more people will benefit from CPP/QPP pensions and OAS, which are fully indexed, these payments are also fully taxable. And because the tax system is only indexed to the extent that inflation exceeds 3% per year, relatively higher tax revenues are generated from the increased cash transfers.

Limited indexing of basic personal credits and tax brackets, combined with the tax-back of OAS benefits, will create a very large fiscal dividend for the government, these authors found. Government net balances will be improved by about 30% of average wages—a massive increase which is about three times the current annual federal deficit. But these lower cost pressures come at a price—a major increase in the incidence of low income, especially among the elderly, and a reduction in the size of the middle class.<sup>17</sup>

Despite these negative features of Canada's existing social contract with seniors, writers like Thomas Courchene have suggested further changes will be

necessary as a result of domestic and international forces that are impinging on the nature of Canada's social contract (he is not referring specifically to the social contract with seniors here). Courchene argues that "countries everywhere are wrestling with the future of their welfare systems, and the maintenance of hard won gains on the social policy front may require a wholesale rethinking of the philosophical and financing underpinnings of the welfare state."<sup>18</sup>

According to Courchene and Stewart, policy implementation must address three general societal trade-offs: flexibility versus entitlements, public sector versus private sector, and centralization versus decentralization. They argue that external economic forces such as globalization, combined with fiscal constraints and socio-demographic challenges are sharply tipping these trade-offs in the direction of flexibility, greater private sector participation and greater decentralization.

The conclusion one might draw from what Courchene calls his 'market populist' perspective on social policy, is that changes in Canada's social contract are absolutely inevitable. In terms of the social contract with seniors, this assumption bears closer examination. Canada's system is already 'market' oriented to a significant degree. In fact, as Sheila Neysmith has pointed out, when it comes to collective responsibility for meeting the needs of citizens, many of Canada's programs use criteria such as merit for resource allocation or stress individual responsibility for meeting need, or do both. Our income security policies are a good example of mixed criterion usage, says Neysmith, in that they provide a minimal economic baseline as a collective good, but assume the exercise of individual initiative to provide full adequacy of income. She also observes that "One of the difficulties in trying to blend welfare-state social policies with a market economy is that assumptions clash. In times of economic restraint the inherent contradictions just become more obvious."<sup>19</sup>

Canada, like other countries, may move further down the road to individual responsibility, to 'flexibility' as Courchene describes it, and to private instead of public solutions, but that may have more to do with political ideology than with globalization or economic conditions.

### 3. *IDEOLOGY AND THE MARKET-BASED SOLUTION*

A number of industrialized countries now seem to be re-examining their commitment to older citizens. Although these countries are at different points along the continuum of population aging and the nature of their commitment to seniors varies considerably, political ideology appears to be a connecting thread running through most of the policy initiatives. In virtually all these countries changes in the social contract with seniors have involved a move to lessen the role of the State in providing for its older citizens and to shift the burden on to individuals and families to provide for themselves. Collective responsibility for and to seniors is being reduced in favour of a market-based solution.

#### 3.1 *New Zealand*

In New Zealand, for example, the 1991 budget marked a major shift in the philosophy of the New Zealand welfare state. There was a move away from universal state provision of funding to more highly targeted forms of assistance in many areas of spending. There was also a shift in focus towards increased individual and family responsibility for meeting costs previously covered by state-funded social assistance. The objective was to cut social spending, not only as a contribution towards fiscal balance, but also to reduce the role of the State in the economy.<sup>20</sup> It sounds remarkably like a shift to Courchene's 'market populist' approach. While particularly marking the philosophy of the newly elected National Party government, the proposals also had partial precedents in the policies and proposals of the previous Labour administration, especially in the benefits and pensions areas.

But one should be cautious about drawing parallels with Canada. To a degree which is unusual among developed countries, (although the system is similar to that operating in Australia), New Zealand's public social programs are virtually all funded by pay-as-you-go taxes. There are no social insurance funds—public pensions are funded by government taxation or borrowing. In addition, a universal flat-rate national superannuation scheme, introduced in 1977, provided a universal benefit set for a couple at 80% of the average wage. (Canada's OAS, in contrast, provides benefits equivalent to about 14% of the average wage for an individual, or 28% for a couple). It was payable at age 60, without any income or asset test and with no requirement to be retired or to have any specified contribution record. For some older people in lower-income occupations, the national superannuation payment was higher than their net wages had ever been.<sup>21</sup>

Benefit reductions and other changes were implemented, starting in 1979, culminating in the 1991 budget, which temporarily de-indexed the benefit, announced a more restrictive targeting system and proposed to gradually increase the age at which the benefit is payable from age 60 to reach age 65 in 2001. In health care, charges have been introduced for a variety of hospital and health services previously provided free, although low- and modest-income individuals and families will be entitled to 'concessional' access to health care, that is, they will be fully or partially relieved of charges, depending on their circumstances and the type of service.

## 3.2 *Australia*

Similar trends have been evident in Australia, which also has an age pension entirely funded from government revenues, but subject to a means test. The pension is the principal source of income for most older Australians.

Population aging is not nearly as advanced in Australia as it is in many other industrialized countries. In 2025, for example, Australia's elderly will constitute only



16% of the population—a percentage that was reached by countries such as the United Kingdom, Denmark and Sweden in 1985.<sup>22</sup>

It has been pointed out that, while there is apparently little doubt Australia can meet the cost of population aging in general and age pensions in particular, retirement incomes policy in recent years has been largely driven by two considerations: first, the desire to reduce the numbers of senior Australians reliant on the age pension, and second, the desire to encourage age self-provision for retirement through greater reliance on private pensions, which it is intended will become the primary source of income for future retirees. Measures have been instituted to encourage the spread of private occupational pensions, which still apparently have somewhat limited coverage. Australian researchers say that the shift in policy emphasis in recent years towards greater reliance on households to provide for their own retirement income is a reflection of a general trend in public policy towards greater reliance on market forces.<sup>23</sup>

### ***3.3 The European Countries***

Like other industrialized countries, many of the European countries are undertaking fundamental reviews of their pension schemes and other programs for seniors with a view to restricting state involvement and placing greater emphasis on individual responsibility. A number of countries have introduced measures to strengthen the role of private supplementary pensions in the provision of retirement incomes. Austria, for example, introduced new laws to encourage the growth of company pension plans, which currently cover only 10% of the work force. The United Kingdom has made further changes to its program allowing individuals to contract out of the state-sponsored pension plan. Over four million people have opted out of the public plan since the provisions were introduced in 1988.



Many countries have experienced a trend to early retirement and some governments actively encouraged it as a way to address high levels of unemployment. But many countries are now considering increasing the retirement age as a way of dealing with population aging. Sweden, the Netherlands, Italy, the United Kingdom, Finland and France have all put forward this option. Those countries which have indexed benefits against inflation now appear to be reconsidering. And various countries, including Italy, France and Greece, are considering changes in the benefit formulas of public pensions that would effectively cut back benefits.

In the field of health care, some countries have placed restrictions on benefit payments to limit the cost of these programs. But, according to the International Social Security Association,<sup>24</sup> a number of countries have implemented innovative measures that take into account the emerging need for long-term health care due to the aging of the population.

Many of these initiatives seem to be directed at encouraging the family to care for their senior members. Germany, for example, introduced allowances for persons providing care to a family member requiring constant attendance. Sweden introduced a similar kind of benefit in 1989. France took steps in 1990 to encourage the provision of a level of care somewhere between home care and institutional care.

### 3.4 *Sweden*

Sweden, long held up as a model of the all-encompassing Welfare State, has also been making changes in its commitment to older citizens recently. Between 1990 and 1992, four key events raised questions about the viability of Sweden's welfare state. The first was a cabinet crisis in early 1990, the second a threat of devaluation in the fall of the same year, the third was a more spectacular economic crisis two years later, including an unprecedented 500% increase in the central bank's

lending rate. The fourth was the defeat of the Social Democrats in the election of September 1991. A right-of-centre government was elected, with the outspoken aim of bringing about a 'freedom-of-choice revolution' in welfare policy.<sup>25</sup> While public provision of medical, educational and other personal social services has not been abandoned, more private alternatives are being encouraged. The role of user fees has been increased. Perhaps more significant, tax reforms resulted in lowering of some taxes and abolition of others, in conjunction with Sweden's entry to the European Community. It is likely that further downscaling of the Welfare State will result.

Among the measures implemented was a plan to increase the retirement age from 65 to 66 in 1993, with further increases proposed by the government, along with more emphasis on private savings as a source of retirement income. Despite these changes, Sweden apparently remains committed to its Welfare State. In its first budget, the new government said: "The State must be ultimately responsible for ensuring that all citizens have basic security in relation to unemployment, illness, old age and disablement. These efforts must largely continue to be publicly financed... The alternative to the Welfare State is a selective system, aimed at supporting only those suffering under the worst conditions. Such a system has many disadvantages. It presumes considerable means-testing and social control. It has to determine who has the right to public support and who has not. The consequence is likely to be more bureaucracy and more of intrusive investigations."<sup>26</sup>

Whether Sweden's commitment to collective responsibility for seniors will be further reduced remains to be seen. But even with the recent changes, it is evident that the social contract with seniors in Sweden is very different from that in North America.

### 3.5 *The United States*

The Welfare State in the United States continues to be a Welfare State for the poor.<sup>27</sup> However, treatment of seniors is the important exception. Social Security is the major source of income for the vast majority of seniors, and Medicare effectively provides universal health care for seniors. It may come as a surprise to Canadians to learn that in many respects, collective responsibility for seniors is stronger in the United States. For middle-income earners, the level of income replacement available through Canadian public old-age security schemes is substantially lower than in the United States.<sup>28</sup> As a result, Canadian workers have to rely more heavily on occupational pensions or private savings to maintain living standards in old age.

In the United States, changes in the financing of social security were implemented in 1983 in response to anticipated financing problems. The changes included a permanent delay of six months in the annual cost-of-living adjustment—equivalent to a 2% cut in benefits; a gradual increase in the age of eligibility for unreduced retirement benefits from 65 to 67 over a 27-year period beginning in 2000; an acceleration of previously scheduled payroll tax increases; and treating up to 50% of Social Security benefits, which were previously untaxed, as taxable income.

It is generally agreed that Social Security funding is now sound on the whole. However, there have been suggestions that further cutbacks should be made by eliminating indexing of benefits, increasing the age of eligibility for benefits still further and providing incentives for the future seniors to continue employment, counting a larger proportion of Social Security as taxable income, and targeting benefits to the poor.<sup>29</sup>

These proposals are apparently an outcome of the generational equity debate. According to Kingson, "By defining Social Security as unfair to the young and by

defining elderly persons as not fully deserving, this perspective reduces the legitimacy of the claims of elders—even those with low incomes—to social benefits. Further, reducing support for social programs makes private alternatives to Social Security, Medicare and other public services become more attractive. The debate that this perspective is generating, says Kingson, is primarily centred on differences over the proper role of government, and the public versus the private provision of resources."<sup>30</sup>

So far, the attack on Social Security seems to have been beaten back. As Myles has pointed out, "In the United States, as elsewhere, the modern Welfare State that constructs broad political coalitions between lower and middle-income earners has proven to be highly resistant to such direct assault. But resistance also points to the fact that the long-term viability of Social Security depends less on demographic developments than on the viability of the political coalitions that sustain it."<sup>31</sup>

## 4. *WARNING SIGNS FROM CURRENT TRENDS*

Canada has not been immune to the trends evident in many other countries. Changes in our social contract with seniors have been directed to less state involvement and more individual responsibility. Universal benefits have been eliminated through income tests (of the age credit in the income tax) and claw-backs (of OAS). There is a growing expectation that private arrangements will be made for the long-term care of seniors, with family members playing a more important role. Deinstitutionalization proceeds, even though community support systems are not always in place. Seniors themselves are being asked to bear more of the cost of their care. And there is undoubtedly more to come.

While fiscal restraint is high on the policy agenda in Canada, it has not prevented the transfer of tax dollars to encourage the shift from public to private responsibility as a key element in the social contract with seniors. It is interesting,



for example, that in the current environment of high government deficits, when Canadians are being told we can no longer afford universal old age pensions and that increasing contributions to the CPP cannot be sustained, the limits on tax assistance to private retirement savings, through Registered Retirement Savings Plans (RRSPs) are being increased. Tax expenditures to assist a minority of mostly higher-income Canadians save for retirement, through private pension plans and RRSPs, now represent a net cost to the federal government of about \$12 billion a year in lost revenues—almost as much as the total cost of OAS. Given that OAS benefits are taxed and surtaxed through the claw-back, the magnitude of tax expenditures on private retirement savings arrangements becomes starkly obvious. These tax expenditures are now equivalent to about 40% of the total cost of public pension programs such as OAS, GIS and CPP.

The direction of public policy towards seniors presages serious problems for the future—particularly in light of trends in the labour market. The polarization between ‘good jobs’ and ‘bad jobs’ has been highlighted by the Economic Council of Canada and others. The Council noted a significant increase in non-standard employment, that is jobs which differ from the traditional model of a full-time full-year job. Part-time employment, for example, rose from 4% of total employment in Canada in 1953 to 15% by the mid-1980s. By 1993, more than 17% of total employment was accounted for by part-time jobs. Other forms of non-standard work, such as short-term work, temporary help agency jobs and own-account self-employment, are also growing.

The proliferation of precarious jobs mirrors the just-in-time system of production with a just-in-time labour force.<sup>32</sup> But there are serious implications for the future of the social contract with seniors. Apart from little or no job security, marginal jobs, in what dual or segmented labour market theorists refer to as the ‘periphery’ of the economy, are characterized by low pay and non-existent benefits. These workers will likely not be covered by occupational pension plans and they will



not be in a position to set aside personal savings to support themselves in old age. The vast majority of these workers are women.

Jobs in the 'core' of the economy, characterized by a relatively high level of unionization, better wages and extensive pension coverage have been declining. The results are evident in the declining coverage of occupational pension plans. Only 46% of employed men now belong to occupational pension plans, compared with almost 54% ten years ago.

The increasing participation of women in the paid work force will also have some bearing on the future of the social contract with seniors. Community support systems for the long-term care of seniors are inadequate and much more emphasis is being placed on the role of families and the voluntary sector in caring for the elderly. That is placing an increasing burden on women who are still largely expected to shoulder family caregiving responsibilities, even when they are employed outside the home. Currently, 71% of married women in the age group 45-54, who might be expected to be the main caregivers to older family members, are in the work force. The phenomenon of the 'sandwich generation', caring for children and elderly parents at the same time is becoming increasingly common.

Ironically, women's increased labour force participation has only marginally improved their chances of being better provided for in old age. Women in the work force are still clustered in low-paying jobs. Only 39% of those with jobs belong to occupational pension plans and less than 35% contribute to RRSPs. Given that some pension plan members may also make RRSP contributions, it is clear that only a minority of women in the paid work force are able to set aside private funds for retirement.

Trends in health care and social services may present particular problems. Both federal and provincial governments are facing serious financial problems and

are preoccupied with restraining the growth of health care costs. Cash payments from the federal government to the provinces under Established Programs Financing (EPF) have been frozen and will begin to disappear within the next several years in some provinces. They will be gone throughout Canada by around 2010.<sup>33</sup> How will governments cope with the demands of an aging population, particularly when the numbers of frail seniors increase?

While mandatory retirement is still in place in many pension plans, most Canadians are retiring prior to age 65. In fact, with the improvement in pension plans and the maturing of the CPP/QPP, the labour force participation of men in their late 50s and early 60s has dropped noticeably. Only 61% of men aged 55-64 were in the work force in 1993 compared with more than 72% ten years earlier. There is no guarantee such trends will continue, especially if the age of eligibility for public retirement benefits is increased. In contrast, labour force participation of women in the 55-64 age group has increased from just under 34% to more than 36% in the same ten-year period—perhaps because women have a greater need to build up retirement incomes.

## 5. *ENSURING A BRIGHTER FUTURE*

In combination with the trends I have outlined above, the current direction of public policy towards seniors in Canada implies a dismal future. While it would certainly be possible to draw up a much more desirable social contract, the political will to implement it will be crucial. Governments of all political persuasions at both federal and provincial levels have embraced market-based solutions. The rights of citizenship have shifted from entitlements to the responsibilities of individuals and more limited ‘mutual’ obligations between the State and individual.<sup>34</sup> In such a climate, it will not be easy to reinstitute a commitment to greater collective responsibility for and to our senior citizens. Nevertheless, I believe it can be done.

There are measures we can take now to ensure a brighter future for those who will become senior citizens in the coming decades.

That does not mean reversing all the changes that have been made in Canada's social contract with seniors and returning to where we were in the 1960s. However, I believe there are a number of ways we could develop a social contract that would take account of the changing conditions we now face.

## ***5.1 Equality Rights and Self-determination***

Many of Canada's programs for seniors are based on age and not income. Essentially they represent a transfer of resources from the non-aged to the aged and a recognition that seniors have made a contribution to society which justifies such a transfer. One of the key decisions we now face is whether we want to continue the approach of special policies for the elderly. But if age alone is no longer to be considered a legitimate criterion for making claims on some of society's resources, what are the alternatives? There is some consensus that need should remain paramount, but how exactly is 'need' to be defined?

Canada's approach to social policy has tended to emphasize equality of opportunity. But those who start from a disadvantaged position will never be able to achieve equality. It is not enough to claim that everyone has the opportunity to contribute to RRSPs, for example, when many workers cannot find steady employment or jobs which pay enough to enable them to save for retirement. The approach we have adopted is one that limits state responsibility to catching those who fall between the cracks, not making sure that cracks do not exist.<sup>35</sup> 'Freedom of choice' leading us along the path to individual responsibility will not achieve equality of condition and is a denial of our social obligation to see that need is met.

As Neysmith puts it, "Unless meeting need is defined much more broadly than rescuing individuals, the social conditions of disadvantaged groups in our society will not change and the dire straits of a few will become a tool for curtailing benefits to a wider segment of the elderly." One of the ways of achieving the broader objective would be to ensure much closer monitoring of programs to assess their impact on seniors generally. If the policy objective is to ensure adequate retirement incomes for seniors, for example, tax expenditures needed to promote private retirement savings could be monitored to see if they meet that objective. This would shift the emphasis towards collective responsibility for outcomes.

Some analysts have emphasized the need to ensure that individuals have the support they need for self-determination. In outlining a new framework for social well-being, the Roehrer Institute points out that self-determination is exercised when persons, communities or government articulate aims and make plans and decisions to achieve those aims.<sup>36</sup> In accepting a collective responsibility to seniors, society could benefit by listening to seniors themselves and helping them articulate their needs. However, it will also be important to recognize that seniors are not a homogeneous group and that their aims and objectives will be just as varied as those of the younger population.

People do not become self-determining all on their own. They need support to exercise self-determination. They may require assistance in making decisions about health care, for example. A health promotion approach recognizes the importance of fostering the capacity for self-determination rather than assuming that everyone can exercise this capacity regardless of their circumstances.<sup>37</sup> This proactive approach would also imply a greater emphasis on assuring that the conditions of peoples' lives are equal rather than simply offering equality of opportunity.

We will also face the challenge of ensuring continued roles for seniors in our society and of recognizing the contribution that seniors can and do make to society



and to the economy. In fact, we need to challenge some of the myths and misconceptions about aging and seniors. In this respect, Betty Friedan's recent book *The Fountain of Age* opens a whole new world of possibilities.

## **5.2 *Income Security***

If seniors in the future are to be assured of financial security, there will be a need to address the balance between public support of public pensions and public support (through the tax system) of private retirement savings. Employment trends will mean more and more Canadians will find it impossible to provide for their own future retirement income. Policies which emphasize individual responsibility in providing for retirement will create a wider gap between those who have stable employment, decent wages and good pension plans and the rest who have none of these advantages. But are we prepared to make a stronger commitment to public pension programs, particularly those funded on social insurance principles (the CPP/QPP)? This could involve placing stricter limits on tax assistance to private retirement savings through occupational pension plans and RRSPs.

A good deal of energy has been focused on improving the provisions of the private pension system for the minority of workers lucky enough to be part of it. Attention should now be directed to reviewing the role of the CPP/QPP. Many community-based groups have recommended a doubling of the benefit level of these plans to replace 50% of average earnings up to the average wage instead of the current 25%. While there may not be widespread public support for such a move at this time, there may at least be ways to improve benefits for lower-income workers. Introducing some income redistribution measures into the plan might ensure better protection for the majority of seniors who will not have private pensions or RRSPs when they retire. A number of options for doing this have been put forward over the past few years. These bear closer examination.

Is society willing to make a commitment that no senior will face retirement in poverty? Despite the emphasis on targeting and concentrating benefits on the most needy, the basic guarantee (currently OAS and GIS combined) is below the low-income cut-off for both individuals and couples. But the universal component of this guarantee has now been abandoned as a result of the OAS claw-back. The experience of the United States and other countries has shown that programs that benefit the majority of seniors have widespread support, thus contributing to social cohesion and a sense of collective responsibility. There may be advantages to be gained by restoring OAS to a universal benefit available to all seniors, as well as undertaking to raise the basic guarantee at least to the poverty level.

## 5.3 *Economic Policy*

A social contract that emphasizes income security for the seniors of tomorrow must address the employment opportunities of the workers of today. Unless policies address high levels of unemployment, it may prove impossible to make good on our social contract with the seniors of the future. But can we make a new commitment to deal with the crucial problem of employment opportunities so that the workers of today can build up entitlement to pensions when they retire?

Are we prepared to look at tax policies to eliminate inequalities and make the system fairer? Such measures could enable more Canadians to look forward to a secure financial future. But, they could also reduce the potential for inter-generational conflict, particularly if they are accompanied by economic growth and reduced unemployment.

## 5.4 *Health and Long-term Care*

While the health care needs of an aging population may increase health care costs, economic growth combined with a reduced total dependency ratio should

enable us to maintain our commitment to universal health care. But we may also have to rethink health care policy to focus on restoring and promoting health rather than intervening to treat illness.<sup>38</sup> Such a strategy could have a marked impact on the health care needs of our aging population. Poverty remains a primary determinant of ill health,<sup>39</sup> which is why adequate incomes for seniors are so important.

If more and more seniors are to be cared for by their families or within the community it will be important to make sure support systems are in place. A nationwide system of supports to the elderly in their homes may be considered.<sup>40</sup> Specifically, the needs of families who care for their senior members will need to be addressed. Other countries are already looking at ways to recognize caregivers—both financially and through other means. Tax credits, family responsibility leave, respite care and so on are all options. Such initiatives do not necessarily all imply government action—they might be undertaken through a combined action of government, business and communities. But it will be important to recognize the autonomy of seniors and to ensure that the measures we take do not reinforce a stereotypical role for women who, in the past, have been expected to undertake the responsibility of caring for seniors in their own homes or in the community without pay.

## 5.5 *Employment*

Increasing the age of eligibility for public pensions may be problematic when more and more people want to retire early. And eliminating mandatory retirement provisions in pension plans in the interest of ‘freedom of choice’ may increase pressure on workers to continue employment past age 65 even if they would prefer to retire. Other options such as a ‘partial pension’ would allow individuals to continue working part-time and start receiving partial CPP/QPP benefits at the same time. Employers might be encouraged to offer phased retirement or part-time employment opportunities to older workers.

## 6. *SUMMARY AND CONCLUSIONS*

The aging of the population and current economic conditions along with globalization of trade have provided powerful incentives for industrialized countries to review and curtail their commitment to collective responsibility for seniors. The spectre of generational equity has been raised and there has been a backlash against seniors in some countries. As the International Social Security Association (ISSA) has pointed out, "the influence of the critics of current arrangements has become stronger during recent years, in spite of the fact that the solutions they espouse—particularly targeted social assistance approaches and privatization of social security programs—would in many respects represent a return to solutions which were rejected decades ago by the leaders and parliaments of most industrialized countries."<sup>41</sup> The challenge, as ISSA sees it, is that of "forging a social contract among the citizens, which reflects the consensus of the population concerned about the issues of social solidarity and the redistribution of resources."<sup>42</sup>

The direction of public policy in Canada is rapidly moving away from a commitment of collective responsibility to the elderly, in favour of a reduced role for the State, an emphasis on individual initiative in providing for retirement and caring for those who are older, and increased targeting of benefits to those in need. As in other countries, this reflects a political philosophy that espouses market-based solutions. As long as this is the dominant philosophy, it will be not be easy to renew our commitment to collective responsibility.

However, current economic conditions should not be used as an excuse to revise the social contract or to reduce our commitment to collective responsibility. We have 25 or 30 years before the baby-boom generation moves into retirement. There is ample time to plan and adjust. And the burden of supporting an aging population may not be as heavy as some commentators would have us believe—especially when we take into account economic growth over the next few decades.



# ■ ■ ■ ■ ■ F O R U M ■ ■ ■ ■ ■

---

Ultimately, Canada's social contract for seniors will depend on political decisions and our willingness as a society to make the commitment.

## REFERENCES

- <sup>1,2,3,4</sup>Banting, K.G. Ends and means in social policy: Comments on the paper by J. Kesselman. In Reynolds, E.B. (ed.). *Income security in Canada: Changing needs, changing means*. Proceeds of a roundtable held in Montreal on June 3, 1993. Montreal: Institute for Research on Public Policy, 1993.
  
- <sup>5,6,8</sup>Desjardins, B. *Population ageing and the elderly: Current demographic analysis*. Cat. No. 91-533. Ottawa: Demography Division, Statistics Canada, 1993.
  
- <sup>7,14</sup>Schulz, J.H. Voodoo economics and the aging society. In *Of Current Interest from the Policy Center on Aging* [Brandeis University, Waltham, Massachusetts], 6, 2, (1986).
  
- <sup>9,29,30</sup>Kingson, E.R. The greying of the baby boom in the United States: Framing the policy debate. In *International Social Security Review* [International Social Security Association, Geneva], 44, 1-2, (1991).
  
- <sup>10</sup>Myles, J.F. Social implications of a changing age structure. In Gutman, G.M. (ed.). *Canada's changing age structure: Implications for the future*. Papers from a Research Symposium held at Simon Fraser University, B.C., August 20-23, 1981. Burnaby, B.C.: SFU Publications, 1982.
  
- <sup>11</sup>Wisendale, S.K. Generational equity and intergenerational policies. In *The Gerontologist*, 28, 6, (1988).
  
- <sup>12</sup>Minkler, M. Generational equity and the new victim blaming. In Meredith, M. and C.L. Estes (eds.). *Critical perspectives on aging: The political and moral economy of growing old*. Amityville, NY: Baywood Publishing Company, 1991.

<sup>13</sup>Kingson, E.R. et al. *The ties that bind: The interdependence of generations*. Cabin John, MD: Seven Locks Press, 1986.

<sup>15</sup>Messinger, H. and B.J. Powell. The implications of Canada's aging society on social expenditures. In Marshall, V.W. (ed.). *Aging in Canada: Social perspectives*, 2nd ed. Toronto: Fitzhenry & Whiteside, 1991.

<sup>16,17</sup>Murphy, B.B. and M.C. Wolfson. *When the baby boom grows old: Impacts on Canada's public sector*. Analytical Studies Branch, Research Paper Series No. 38. Ottawa: Statistics Canada, 1991.

<sup>18</sup>Courchene, T.J. and A.E. Stewart. Financing social policy: Observations and challenges. In *Social Policy in the Global Economy*. Papers presented at a conference held at School of Policy Studies, Queen's University, Kingston, Ont., March 1992.

<sup>19,35</sup>Neysmith, S.M. Social policy implications of an aging society. In Marshall, V.W. (ed.). *Aging in Canada: Social perspectives*, 2nd ed. Toronto: Fitzhenry & Whiteside, 1991.

<sup>20,21</sup>New Zealand. Report from the Department of Social Welfare. Summarized in *International Social Security Review* [International Social Security Association, Geneva], 44, 3, (1991).

<sup>22</sup>Borowski, A. The economics and politics of retirement incomes policy in Australia. In *International Social Security Review* [International Social Security Association, Geneva], 44, 1-2, (1991).

<sup>23</sup>Bateman, H. et al. *Demographics, retirement saving and superannuation policy: An Australian perspective*. Quoted in Borowski, A. (ed.). *Economics of population aging: The "graying" of Australia, Japan and the United States*. New York: Auburn House, 1991.

<sup>24,41,42</sup>International Social Security Association. Report of the Secretary General. Developments and trends in social security 1990 to 1992. In *International Social Security Review* [International Social Security Association, Geneva], 45, 4, (1992).

<sup>25,26</sup>Olsson, S.E. *Social policy and welfare state in Sweden*. Lund: Arkiv Forlag, 1990.

<sup>27,31</sup>Myles, J. Postwar capitalism and the extension of social security into a retirement wage. In Minkler, M. and C.L. Estes (eds.). *Critical perspectives on aging: The political and moral economy of growing old*. Amityville, NY: Baywood Publishing Company, 1991.

<sup>28</sup>Myles, J. and L. Teichroew. The politics of dualism: Pension policy in Canada. In Myles, J. and J. Quadagno (eds.). *States, labor markets, and the future of old-age policy*. Philadelphia: Temple University Press, 1991.

<sup>32,34,40</sup>Yalnizyan, A. *Defining social security, defining ourselves: Why we need to change our thinking before it's too late*. Toronto: Canadian Centre for Policy Alternatives and Social Planning Council of Metropolitan Toronto, 1993.

<sup>33,38</sup>Mendelson, M. *Social policy in real time*. Ottawa: Caledon Institute of Social Policy, 1993.

<sup>36,37,39</sup>Roehrer Institute. *Social well-being: A paradigm for reform*. Toronto: 1993.



Published in the *Forum Collection*:

1. Consumer fraud and seniors, March 1991
2. Elder abuse: Major issues from a national perspective, March 1991
3. Seniors' independence: Whose responsibility? April 1992
4. Are we spending our children's inheritance? March 1994
5. The social contract for seniors in Canada, March 1994

For more detailed information on the *Forum Collection*, you may contact anyone of the staff members:

Susan Fletcher

Executive Director

Louise Plouffe  
Shirley Chewick

Senior Policy Advisor  
Research Consultant

Francine Beauregard  
Renée Blanchet

Chief, Planning, Education and Projects  
Communications Officer

Sylvie Bérubé

Council Liaison Officer

Josée Mongeon

Executive and Administrative Officer



- <sup>32</sup>Bateman, H. et al. *Demographics, retirement saving and superannuation policy: An Australian perspective*. Cité dans Borowski, A. (éd.). *Economics of population aging: The "graying" of Australia, Japan and the United States*. New York: Auburn House, 1991.
- <sup>24,41,42</sup>Association internationale de sécurité sociale. Rapport du Secrétaire général. Developments and trends in social security 1990 to 1992. In *International Social Security Review* [Association internationale de la sécurité sociale, Genève], 45, 4, (1992).
- <sup>25,26</sup>Olsson, S.E. *Social policy and welfare state in Sweden*. Lund: Arkiv Forlag, 1990.
- <sup>27,31</sup>Myles, J. Postwar capitalism and the extension of social security into a retirement wage. In Minkler, M. et C.L. Estes (éds). *Critical perspectives on aging: The political and moral economy of growing old*. Amityville, NY: Baywood Publishing Company, 1991.
- <sup>28</sup>Myles, J. et L. Teichroew. The politics of dualism: Pension policy in Canada. In Myles, J. et J. Quadagno (éds). *States, labor markets, and the future of old-age policy*. Philadelphia: Temple University Press, 1991.
- <sup>32,34,40</sup>Yalmizyan, A. *Defining social security, defining ourselves: Why we need to change our thinking before it's too late*. Toronto: Canadian Centre for Policy Alternatives and Social Planning Council of Metropolitan Toronto, 1993.
- <sup>33,38</sup>Mendelson, M. *Social policy in real time*. Ottawa: Caledon Institute of Social Policy, 1993.
- <sup>36,37,39</sup>Roether Institute. *Social well-being: A paradigm for reform*. Toronto: 1993.

- <sup>13</sup>Kingson, E.R., et al. *The ties that bind: The interdependence of generations*. Cabin John, MD: Seven Locks Press, 1986.
- <sup>15</sup>Messinger, H. et B.J. Powell. The implications of Canada's aging society on social expenditures. In Marshall, V.W. (éd.). *Aging in Canada: Social perspectives*, 2<sup>e</sup> éd. Toronto: Fitzhenry & Whiteside, 1991.
- <sup>16,17</sup>Murphy, B.B. et M.C. Wolfson. *Le vieillissement de la génération du baby boom: effets sur le secteur public au Canada*. Direction des études analytiques, Document de recherche N° 38. Ottawa: Statistique Canada, 1991.
- <sup>18</sup>Courchene, T.J. et A.E. Stewart. Financing social policy: Observations and challenges. In *Social Policy in the Global Economy*. Document présenté lors d'une conférence tenue à l'École des études politiques, Université Queen's, Kingston, Ont., mars 1992.
- <sup>19,35</sup>Neysmith, S.M. Social policy implications of an aging society. In Marshall, V.W. (éd.). *Aging in Canada: Social perspectives*, 2<sup>e</sup> éd. Toronto: Fitzhenry & Whiteside, 1991.
- <sup>20,21</sup>Nouvelle-Zélande. Rapport du ministère des services sociaux. Résumé dans *International Social Security Review* [Association internationale de la sécurité sociale, Genève], 44, 3, (1991).
- <sup>22</sup>Borowski, A. The economics and politics of retirement incomes policy in Australia. In *International Social Security Review* [Association internationale de la sécurité sociale, Genève], 44, 1-2, (1991).



## REFERENCES

- <sup>12,3,4</sup>Banting, K.G. Ends and means in social policy: Comments on the paper by J. Kesselman. In Reynolds, E.B. (éd.). *Income security in Canada: Changing needs, changing means*. Compte rendu d'une table ronde tenue à Montréal le 3 juin 1993. Montréal: Institut de recherche en politique publique, 1993.
- <sup>5,6,8</sup>Desjardins, B. *Vieillessement de la population et personnes âgées: la conjoncture démographique*. N° de cat. 91-533. Ottawa: Division de la démographie, Statistique Canada, 1993.
- <sup>7,14</sup>Schulz, J.H. Voodoo economics and the aging society. In *Of Current Interest from the Policy Center on Aging* [Brandeis University, Waltham, Massachusetts], 6, 2, (1986).
- <sup>9,29,30</sup>Kingson, E.R. The greying of the baby boom in the United States: Framing the policy debate. In *International Social Security Review* [Association internationale de la sécurité sociale, Genève], 44, 1-2, (1991).
- <sup>10</sup>Myles, J.F. Social implications of a changing age structure. In Gutman, G.M. (éd.). *Canada's changing age structure: Implications for the future*. Document tiré d'un symposium de recherche tenu à l'Université Simon Fraser, C.-B., les 20-23 août 1981. Burnaby, C.-B.: SFU Publications, 1982.
- <sup>11</sup>Wisendale, S.K. Generational equity and intergenerational policies. In *The Gerontologist*, 28, 6, (1988).
- <sup>12</sup>Minkler, M. Generational equity and the new victim blaming. In Meredith, M. and C.L. Estes (éds). *Critical perspectives on aging: The political and moral economy of growing old*. Amityville, NY: Baywood Publishing Company, 1991.

l'AISS, nous devons relever le défi de forger un contrat social entre les citoyens, qui reflète les idées dominantes de la population quant à la solidarité sociale et à la redistribution des ressources.<sup>42</sup>

La politique publique canadienne tend à s'éloigner de son engagement à assumer la responsabilité collective envers les aînés-e-s. Elle veut favoriser un rôle de second rang pour l'État, reporter sur les individus la responsabilité de la retraite et des soins individuels pour les aînés-e-s et cibler davantage les bénéfices vers ceux qui en ont le plus besoin. Cette philosophie politique, comme dans bien d'autres pays, épouse les solutions fondées sur le marché. Tant et aussi longtemps que cette philosophie sera à l'honneur, il sera difficile de renouveler notre engagement pour la responsabilité collective.

Cependant, la conjoncture économique actuelle ne devrait pas constituer une excuse pour revoir notre contrat social ou réduire notre engagement envers la responsabilité collective. Il reste 20 à 30 ans avant que la génération du baby boom n'atteigne la retraite. Nous avons donc suffisamment de temps pour nous préparer. Malgré les propos de certains observateurs, le 'fardeau' d'une population vieillissante ne sera probablement pas si lourd si l'on tient compte de la croissance économique des prochaines décennies. Somme toute, notre contrat social avec les aîné-e-s dépendra des décisions politiques et de la volonté de notre société à s'engager fermement.



est essentiel que les aîné-e-s aient des revenus adéquats.

Si les familles et les collectivités doivent voir aux besoins d'un plus grand nombre d'aîné-e-s, il faudra veiller à ce que des systèmes d'appui soient en place. Nous devons peut-être nous doter d'un système d'aide à domicile pour les aîné-e-s à l'échelle nationale.<sup>40</sup> De plus, il sera nécessaire de trouver la façon d'aider les familles qui prennent soin de parents âgés. Certains pays cherchent déjà des moyens de reconnaître la contribution des aidant-e-s, tant financièrement qu'autrement. Parmi ces moyens, notons les crédits d'impôts, les congés familiaux et les soins de répit. De telles démarches ne relèvent pas exclusivement du gouvernement; elles peuvent

Bien que les besoins d'une population vieillissante puissent augmenter les coûts des soins de la santé, la croissance économique combinée à un ratio de dépendance totale moindre devrait nous permettre de respecter notre engagement envers les soins de santé universels. Nous devons peut-être toutefois repenser notre politique de soins de la santé afin de l'orienter vers la promotion de la santé plutôt que vers le traitement de la maladie.<sup>38</sup> Une telle stratégie pourrait avoir une

## 5.4 Les soins de la santé et les soins prolongés

représente l'absence d'occasions d'emplois afin que les travailleurs et les travailleuses d'aujourd'hui puissent économiser pour leur retraite?

Sommes-nous prêts à revoir les politiques fiscales afin d'éliminer les inégalités et rendre le système plus juste? De telles mesures permettraient à un plus grand nombre de Canadiennes et de Canadiens d'espérer un avenir financier solide. En outre, elles pourraient réduire l'éventualité d'un conflit entre les générations, surtout si elles sont accompagnées de croissance économique et de taux d'emplois supérieurs.



De nombreux groupes communautaires ont suggéré de doubler les prestations de ces régimes pour qu'ils remplacent 50 % des gains assurés plutôt que le 25 % actuel. Bien qu'un tel changement n'aurait possiblement pas la faveur du public à ce stade-ci, il existe peut-être tout de même des façons d'améliorer les avantages dont bénéficient les travailleurs et travailleuses à faible revenu. L'inclusion de mesures de redistribution de revenus aux régimes pourrait assurer une protection supérieure à la majorité des aîné-e-s qui n'auront pas de plan de pensions ou de RÉR à leur retraite. Au cours des dernières années, on a présenté diverses possibilités à cet égard. Elles méritent d'être examinées attentivement.

La société est-elle prête à s'engager à enrayer la pauvreté chez les aîné-e-s retraités? Malgré l'importance qu'on accorde à cibler ceux qui en ont le plus besoin et à concentrer les bénéfices sur eux, les montants combinés de la SV et du SRG demeurent sous le seuil de la pauvreté, tant pour les individus que les couples. Par ailleurs, la composante universelle de cette garantie de base a été abandonnée suite à l'imposition des mécanismes de récupération de la SV. L'expérience des États-Unis et des autres pays montre que les programmes dont bénéficient la majorité des aîné-e-s reçoivent un appui considérable de la population et qu'ils contribuent à la cohésion sociale et au sens de la responsabilité collective. Il pourrait être avantageux de redonner à la SV son statut d'avantage universel, ainsi que de relever la garantie de base au-dessus du seuil de la pauvreté.

### 5.3 La politique économique

Un contrat social avec les aîné-e-s qui met l'accent sur la sécurité du revenu doit tenir compte des occasions d'emploi des travailleurs et travailleuses d'aujourd'hui. À moins que les politiques ne s'attaquent au chômage élevé, il pourrait être impossible de respecter notre contrat social avec les aîné-e-s de demain. Mais pouvons-nous faire ce nouvel engagement d'aborder le problème majeur que

n'importe qui peut exercer cette capacité, peu importe ses circonstances.<sup>37</sup> Cette approche dynamique impliquerait aussi qu'on mette davantage d'effort à assurer l'égalité des conditions de vie plutôt que d'offrir uniquement l'égalité des chances.

Nous devons aussi relever le défi qu'est celui de garantir aux aîné-e-s un rôle dans la société et souligner la contribution qu'ils font ou peuvent faire à la société et à l'économie. En fait, nous devons débouter certains mythes et conceptions erronées entretenus à propos du vieillissement et des aîné-e-s. À ce sujet, Betty Friedan dévoile une foule de nouvelles possibilités dans son livre *The Fountain of Age*.

## 5.2 La sécurité du revenu

Si nous désirons qu'à l'avenir les aîné-e-s obtiennent une certaine sécurité

financière, il sera nécessaire de rétablir l'équilibre entre l'appui du gouvernement aux régimes de pensions publics et son appui (par le biais de la fiscalité) aux régimes de retraite privés. Les tendances actuelles du marché de l'emploi font que les Canadiennes et Canadiens seront pratiquement dans l'impossibilité d'économiser en vue de leur retraite. Les politiques qui donnent la priorité à la responsabilité

individuelle en matière de pension de retraite ne feront que creuser le fossé qui sépare les gens qui ont un emploi stable, des salaires décents et des régimes de pensions généreux du reste de la population qui ne bénéficie d'aucun de ces avantages. Sommes-nous prêts à nous engager davantage envers les régimes de pensions publics, surtout ceux basés sur les principes d'assurance sociale tels le RPC et le RRQ? Ceci pourrait vouloir dire imposer des limites quant aux avantages fiscaux accordés aux régimes de retraite privés comme les régimes de pensions de l'employeur et les REER.

On a déjà mis beaucoup d'énergie à améliorer les modalités des régimes de pensions privées dont seule une minorité de travailleurs et travailleuses bénéficie. Le temps est peut-être venu de porter nos efforts à réviser le RPC et le RRQ.

Les individus ne parviennent pas à l'autodétermination uniquement d'eux-mêmes. Ils ont besoin d'être appuyés dans cette démarche. Ils pourraient, par exemple, avoir besoin d'aide pour prendre des décisions portant sur les soins de la santé. Une démarche en faveur de la promotion de la santé reconnaît l'importance d'encourager la capacité d'autodétermination plutôt que de prendre pour acquis que

Certains analystes ont dit qu'il serait préférable d'assurer aux individus l'appui nécessaire à l'autodétermination. En définissant un nouveau cadre de référence du bien-être social, le Roehrer Institute estime que l'autodétermination est possible lorsque les particuliers, collectivités et gouvernements expriment leurs buts et prennent les mesures qui s'imposent pour les atteindre.<sup>36</sup> En acceptant la responsabilité collective face aux aînés-e-s, la société aurait avantage à écouter les aînés-e-s et à les aider à exprimer leurs besoins. Il ne faut toutefois pas oublier qu'ils ne constituent pas un groupe homogène et que leurs objectifs peuvent être aussi variés que ceux des autres tranches de la population.

Comme l'a dit Neysmith, à moins que la définition de 'réponse à un besoin' dépasse la notion de 'venir à la rescousse des individus', les conditions sociales des groupes désavantagés de notre société ne changeront pas et la situation désespérée dans laquelle se retrouvent quelques-uns deviendra un outil pour restreindre les bénéfices pour un plus grand nombre d'ainé-e-s. Une façon d'atteindre l'objectif plus vaste de 'répondre aux besoins' serait d'assurer un suivi plus étroit des programmes pour évaluer leur effet sur les aîné-e-s en général. Si l'objectif de la politique est d'assurer un revenu de retraite adéquat aux aîné-e-s, on pourrait, par exemple, évaluer si les dépenses fiscales visant à encourager l'épargne personnelle permettent aussi d'atteindre le grand objectif. L'accent serait ainsi mis sur la responsabilité collective en ce qui concerne les résultats.

individus.





Nonobstant les tendances énumérées ci-haut, la démarche actuelle des politiques publiques canadiennes destinées aux aînés-e-s laisse entrevoir un avenir assez sombre. Bien qu'il serait possible de rédiger un contrat social amélioré, la volonté politique nécessaire à sa mise en oeuvre sera de première importance. Peu importe leur orientation politique, les gouvernements fédéral et provinciaux s'engagent vers les solutions de marché. Les droits des citoyens, jadis inaliénables, sont devenus des responsabilités individuelles et représentent plutôt des obligations mutuelles entre l'État et les individus.<sup>34</sup> Ce climat ne facilitera pas le renouvellement









Jusqu'à maintenant, toutes les attaques contre la Sécurité sociale ont été repoussées avec succès. Comme le faisait remarquer Myles, aux États-Unis comme ailleurs, l'État providence moderne édifié sur la base d'une vaste coalition entre les

ressources.<sup>30</sup>

gouvernement et le choix entre le secteur privé et public comme fournisseur des perspective est axé principalement sur un différend concernant le rôle du maladie et d'autres services d'autant plus intéressantes. Le débat soulevé par cette de rechange du secteur privé au chapitre des pensions de vieillesse, de l'assurance-revenu. De plus, la réduction de l'appui aux programmes sociaux rend les solutions perspective sabote la légitimité des requêtes des aîné-e-s, même de ceux à faible les jeunes et en considérant les aîné-e-s comme des personnes non méritantes, cette D'après Kingson, en décrivant les pensions de vieillesse comme étant injustes pour Ces propositions semblent résulter du débat sur l'équité entre les générations.

retraite en revenus imposables et le ciblage des avantages aux pauvres.<sup>29</sup> continuent de travailler, le classement d'une part plus importante des revenus de d'admissibilité au programme, l'ajout de mesures incitatives pour que les aîné-e-s la désindexation des pensions, un relèvement encore plus important de l'âge bonne santé. Toutefois, parmi les suggestions additionnelles mises de l'avant, notons On admet qu'en règle générale, le financement des pensions de vieillesse est en

50 % des prestations de la sécurité sociale, jadis non imposables. prélèvements de taxes sur la paie; et la classification en revenu impossible de près de prestations, de 65 à 67 ans; la mise en oeuvre accélérée des hausses prévues des ans à partir de l'an 2000, de l'âge minimum donnant droit au plein montant des réduction nette des prestations de l'ordre de 2 %; un relèvement graduel, étalé sur 27 délai permanent de six mois dans l'indexation au coût de la vie, résultant en une États-Unis à modifier ses programmes en 1983. Ces changements comprennent un L'anticipation de problèmes financiers reliés à la sécurité sociale a poussé les

demeure partisane du principe de l'Etat providence. Lors du dépôt de son premier budget, le gouvernement déclarait: «La responsabilité ultime de la sécurité sociale des citoyens au chapitre de l'emploi, de la vieillesse, de la santé ou des handicaps repose sur les épaules de l'Etat. Ces programmes demeureront en grande partie financés par les deniers publics... La seule alternative à l'Etat providence est un système sélectif, destiné à venir en aide aux personnes vivant dans les pires conditions. Un tel système comporte de multiples désavantages. Il suppose de nombreux mécanismes de mesure du besoin réel et de contrôle social. Il doit distinguer ceux qui recevront le secours de l'Etat et l'inverse. Ce système favorisera l'instauration d'une bureaucratie plus lourde et signifierait plus d'ingérence de l'Etat dans la vie privée.»<sup>26</sup>

On ignore si la Suède réduira encore son engagement envers la responsabilité collective au chapitre des aîné-e-s. Malgré les modifications apportées à son régime, le contrat social de la Suède demeure bien différent du contrat social nord-américain.

### 3.5 Les Etats-Unis

La notion d'Etat providence demeure avant tout une situation de sécurité sociale pour les pauvres.<sup>27</sup> Toutefois, le traitement accordé aux aîné-e-s constitue une exception de taille. La Sécurité sociale constitue la principale source de revenus de la grande majorité des aîné-e-s, tandis que le programme Medicare leur offre des soins de la santé universels. Les Canadiennes et Canadiens seront probablement surpris d'apprendre que la responsabilité collective envers les aîné-e-s est plus importante aux Etats-Unis qu'au Canada. Pour la classe moyenne, les revenus de remplacement offerts par les différents programmes canadiens de sécurité du revenu sont considérablement moins élevés que ceux dispensés aux Etats-Unis.<sup>28</sup> Les travailleuses et travailleurs canadiens doivent donc compter davantage sur les régimes de pensions privés de l'employeur ou leurs propres économies afin de préserver leur niveau de vie à la retraite.

Parmi les nouvelles mesures instaurées par la Suède, mentionnons le report graduel de l'âge de la retraite de 65 à 66 ans dès 1993. D'autres reports ont été proposés par le gouvernement qui veut aussi mettre davantage l'accent sur les économies personnelles en prévision de la retraite. Malgré ces revirements, la Suède

La Suède, jadis championne incontestée du principe de l'Etat providence, a elle aussi modifié son engagement envers les aîné-e-s. Entre 1990 et 1992, quatre événements-clés ont remis en question la viabilité du système de sécurité sociale suédois. Le premier événement était une crise politique au cabinet en 1990; le deuxième, la menace d'une dévaluation de la couronne suédoise à l'automne de la même année; le troisième, en 1992, fut une crise économique spectaculaire, dont une augmentation fararaineuse du taux de la banque centrale de l'ordre de 500 %; et le dernier était la défaite du Parti social démocrate à l'élection de septembre 1991. Un nouveau gouvernement de centre-droite a pris le pouvoir avec la promesse d'une révolution du 'libre choix' au chapitre de la sécurité sociale.<sup>25</sup> Bien que les régimes publics d'assurance-maladie, d'éducation et autres services sociaux demeurent en place, la Suède encouragera désormais les régimes privés. De plus, les frais modérateurs ont augmenté. Fait peut-être plus important encore, une réforme fiscale est venue abolir ou réduire certaines contributions au moment où la Suède s'intégrait à la Communauté économique européenne. On estime que ceci mènera à une diminution des avantages jadis offerts par l'Etat providence.

### 3.4 La Suède

Plusieurs de ces initiatives visent à encourager les familles à prendre soin de leurs aîné-e-s. Par exemple, l'Allemagne a instauré un programme de prestations pour les personnes qui s'occupent d'un membre de leur famille ayant besoin de soins ininterrompus. La Suède a mis sur pied un programme semblable en 1989 tandis qu'en 1990, la France encourageait la prestation de services qui se situent à mi-chemin entre les soins à domicile et les soins en établissement.

Les pays européens, à l'instar des autres pays industrialisés, sont à effectuer une révision en profondeur de leurs régimes de pensions et autres programmes destinés aux âgés. Leur but est de limiter le rôle du gouvernement en plaçant l'accent sur la responsabilité individuelle. Un certain nombre de pays ont adopté des mesures visant à relever la part des régimes de pensions privés dans les revenus de la retraite. Par exemple, l'Autriche a adopté de nouvelles lois afin d'encourager la croissance des régimes de pensions de l'employeur, qui ne sont offerts qu'à 10 % de la main-d'œuvre. La Grande-Bretagne a modifié davantage son régime de pensions de l'Etat afin de permettre aux particuliers de cesser d'y participer. Depuis l'adoption de ces modifications en 1988, quatre millions de personnes ont choisi de ne plus contribuer au régime public.

Dans plusieurs pays, les gouvernements encouragent la tendance aux retraites anticipées afin de réduire le chômage. Entre-temps, des pays comme la Suède, les Pays-Bas, l'Italie, la Grande-Bretagne, la Finlande et la France songent à relever l'âge minimum de la retraite afin de contre les incidences économiques du vieillissement de la population. Les pays dont les pensions sont majorées en fonction du coût de la vie repensent maintenant leur engagement. De plus, certains pays dont la France, l'Italie et la Grèce songent à apporter des modifications aux calculs des pensions dans le but de réduire les avantages.

Dans le domaine des soins de la santé, certains pays ont instauré des limites sur le montant des prestations afin de réduire le coût de ces programmes. Toutefois, selon l'Association internationale de la sécurité sociale (AISS),<sup>24</sup> certains pays ont mis en oeuvre des mesures innovatrices visant à combler les besoins croissants en soins prolongés causés par le vieillissement de la population.











affectent la nature du contrat social (sans référence particulière aux aîné-e-s). M. Courchene avance que « tous les pays débattent de l'avenir de leurs systèmes d'avantages sociaux et qu'il faudra peut-être repenser entièrement les aspects philosophiques et financiers de l'État providence si l'on veut conserver les acquis des politiques sociales ». <sup>18</sup>

Selon Courchene et Stewart, la mise en oeuvre de politiques doit tenir compte de trois grands compromis de société : la souplesse par rapport au droit ; le secteur public par rapport au secteur privé ; et la centralisation par rapport à la décentralisation. Ils croient que les forces économiques externes, telles la mondialisation, alliées aux défis imposés par les contraintes fiscales et la sociodémographie font pencher la balance du côté de la souplesse, d'une participation accrue du secteur privé et d'une plus grande décentralisation.

Selon la perspective de 'marché populiste' de la politique sociale préconisée par Courchene, on pourrait conclure que les changements au contrat social sont inévitables. Cette hypothèse mérite examen en ce qui a trait au contrat social avec les aîné-e-s. Le système canadien est déjà fortement orienté selon la perspective de 'marché'. D'ailleurs, au plan de la conception de la responsabilité collective, Sheila Nye-Smith notait que plusieurs programmes canadiens ou bien utilisent des critères tels le besoin afin de pourvoir à l'allocation de ressources, ou bien responsabilisent les individus, ou bien font les deux. Selon elle, nos programmes de sécurité du revenu constituent ainsi un exemple de critères mixtes d'allocation parce qu'ils offrent une base économique minimale par la responsabilité collective mais nécessitent l'initiative individuelle pour obtenir un revenu satisfaisant. Elle ajoute qu'une des difficultés rencontrées lorsqu'on tente d'incorporer les politiques sociales de l'État providence à une économie de marché, c'est que les hypothèses s'entrechoquent. Lorsque la conjoncture économique est difficile, les contradictions entre ces deux perspectives deviennent tout simplement plus évidentes. <sup>19</sup>

modèle de simulation de politiques sociales de Statistique Canada, Murphy et Wolfson ont découvert que divers facteurs, dont l'âge des utilisateurs des soins médicaux, l'équilibre entre les soins institutionnels et ambulatoires, et la conception des programmes de sécurité du revenu sont d'importance capitale pour les projections portant sur le soi-disant 'fardeau' d'une population vieillissante.

D'ailleurs, ces deux auteurs ont noté que d'après une étude du Fonds monétaire international réalisée en 1986, le Canada faisait face à moins de pressions au chapitre des dépenses publiques occasionnées par le vieillissement de sa population que six autres grands pays industrialisés. Leur analyse montre que ce résultat est surtout attribuable aux clauses d'indexation des régimes de pensions publics. En fait, bien qu'un nombre croissant de personnes bénéficieront du RPC/RRQ et de la Sécurité de la vieillesse (SV), qui sont totalement indexés, ces revenus sont aussi entièrement imposables. Et comme le régime fiscal n'est indexé que si l'inflation dépasse les 3 %, des revenus d'impôts relativement plus élevés sont générés par ces transferts de fonds.

Selon Murphy et Wolfson, l'indexation limitée des crédits personnels de base et des tranches de barème fiscal combinée aux mécanismes de récupération des avantages de la SV engendreront d'énormes dividendes pour le gouvernement. Les soldes nets du gouvernement augmenteront d'environ 30 % du salaire moyen, soit une augmentation massive de ses revenus représentant environ trois fois le déficit annuel actuel du gouvernement fédéral. Cette pression réduite au plan des dépenses publiques n'est pas sans effet pervers — elle est assortie d'une hausse notoire des foyers à faible revenu, surtout chez les aîné-e-s, et d'une réduction en nombre de la classe moyenne.<sup>17</sup>

Malgré ces aspects négatifs du contrat social avec les aîné-e-s du Canada, des auteurs comme Thomas Courchene ont laissé entendre que des changements supplémentaires seront nécessaires à cause des forces intérieures et extérieures qui



Mais la plupart des prévisions ne semblent pas tenir compte du fait que la conjoncture économique, si mauvaise soit-elle aujourd'hui, connaîtra de meilleurs jours. Aucun économiste qui se respecte n'oserait affirmer que nous connaîtrons une stagnation économique pour les 30 prochaines années. Selon un calcul effectué par Schulz, si le taux de croissance réel de l'économie américaine se maintient à 2 % en moyenne, le coût réel après inflation pour soutenir une personne dépendante pourrait être cinq à six fois plus élevé qu'en 1960, sans pour autant augmenter le fardeau économique de la société. Dans une même veine, affirme-t-il, si on utilise les hypothèses les plus acceptées pour estimer les dépenses et les revenus futurs de la sécurité sociale, on voit que, tout en tenant compte de l'inflation, la quantité totale de biens et de services produits aux États-Unis (son produit national brut [PNB]) per capita doublera d'ici l'an 2030 et triplera d'ici 2060.<sup>14</sup>

D'autres ont fait remarquer que bien que la croyance populaire veuille que le vieillissement de la population aura une incidence négative importante sur le fardeau du secteur public, une analyse des changements démographiques par rapport à la croissance économique montre clairement que le vieillissement de la population n'est pas toujours le facteur le plus important.<sup>16</sup> Ayant recours à la Base de données —



La conjoncture économique et les contraintes fiscales auxquelles font face les gouvernements du Canada et de l'étranger ont été invoquées comme des raisons majeures devant justifier la refonte du contrat social avec les aîmés-s. Les contraintes fiscales évidentes des années 1990 deviennent la justification d'une diminution de notre engagement collectif face aux aîmés-s. Si nous avons de la difficulté à répondre aux besoins actuels des aîmés-s, dit-on, que ferons-nous dans 20

## 2.3 La conjoncture économique et les contraintes fiscales

Le rapport de la GSA a attiré l'attention sur le fait que la controverse au sujet de l'équité entre les générations, basée sur la compétition entre jeunes et aîné-es pour des ressources limitées, ne tient pas compte de la croissance économique future, de la possibilité de l'emploi pour les personnes de plus de 65 ans et de la participation accrue des femmes sur le marché du travail.

Aux États-Unis un rapport de la Gerontological Society of America (GSA) intitulé *Ties that Bind: The Interdependence of Generations*, rapport rédigé en 1986 par Kingson, Hirschorn et Cornman, attaquait certains de ces mythes et attirait l'attention sur le fait que les habitudes de vote étaient plutôt imputables à l'affiliation politique, à la classe sociale, à la race et aux croyances politiques qu'à l'âge. Selon ce rapport, le fait d'ignorer l'hétérogénéité du groupe des aîné-e-s, même ceux de 85+ ans, mène à une conception erronée de la définition des problèmes sociaux et limite le type de choix politiques pris en considération. D'après les auteurs, les stéréotypes sont perpétués par trois facteurs importants : cette façon de pensée s'avère pratique; les attitudes négatives envers le vieillissement et les aîné-e-s persistent; et ils servent certains objectifs politiques comme la réduction des programmes sociaux.<sup>13</sup>

donc cède la place à celui des aîné-e-s constitués en un bloc solide d'électeurs riches et puissants.<sup>12</sup>

Depuis lors, cette idée d'équité entre les générations a pris de l'ampleur. Les médias se sont mis de la partie et ont polarisé le débat en présentant la question comme un cas de 'jeunes contre aîné-e-s' aux États-Unis, au Canada et ailleurs. L'idée que les aîné-e-s sont en compétition avec les jeunes pour l'obtention des ressources limitées est maintenant ancrée dans l'esprit des gens. Une récente chronique du *Globe and Mail* proposait que les aîné-e-s du Canada renoncent à une partie de leurs avantages au profit d'un système de garderie.

Au Canada, le mouvement d'équité entre les générations n'a pas connu le même essor que chez nos voisins du Sud, quoique la question fasse partie de l'ordre du jour des questions politiques, s'articulant surtout autour de la question du financement du Régime de pensions du Canada et du Régime de rentes du Québec (RPC/RRQ). Même si les gouvernements fédéral et provinciaux ont révisé les taux de contribution des 30 prochaines années pour tenir compte du vieillissement de la population, même s'ils ont accepté d'ajuster au besoin ces taux tous les cinq ans, d'aucuns prétendent maintenant que les Canadiens n'accepteront pas de défrayer la pension de la génération du baby boom. Ils ajoutent que les contributions des travailleurs au RPC se chiffreront, selon l'échéancier prévu, à environ 13 % de leurs revenus en 2025 (la moitié étant payée par l'employeur) comparativement au montant de 5,2 % déboursé aujourd'hui. Il est fort étonnant de voir les décideurs se permettre de prédire quelle sera l'attitude des Canadiennes et Canadiens face à leur contrat social avec les aîné-e-s dans 30 ans. Ce genre de discours montre clairement le début d'un mouvement d'équité entre les générations au Canada.

Maintenant que les programmes gouvernementaux ont réussi à réduire (sans toutefois éliminer) la pauvreté chez les aîné-e-s du Canada, un nombre croissant d'observateurs laissent entendre que nous avons 'trop donné' aux aîné-e-s. Le stéréotype des aîné-e-s vu comme une minorité pauvre, impotente et méritante a



remise en question du contrat social avec les aîné-e-s. Cependant, comme l'affirmerait un expert américain, on a recours à une sorte de magie noire de la démographie pour justifier des politiques à court terme. Selon James Schulz, professeur en politique du vieillissement à l'Université Brandeis, les fervents de cette manipulation des

L'âge de la retraite, le nombre de travailleurs sera insuffisant pour faire fonctionner le système américain de la sécurité sociale. Cette conclusion est devenue le cheval de bataille de ceux qui veulent sabrer dans le système de la sécurité sociale et des soins de la santé pour les futurs aînés-s-, tout en respectant les engagements envers les

soins prolongés.<sup>7</sup> De telles déclarations sont monnaie courante, tant au Canada que dans d'autres pays.

de la démographie. Leur raisonnement est fondé sur la croyance que lorsque la génération du baby boom atteindra la retraite, le nombre de personnes dans la

intitulée *Perspectives 2030: L'avenir des régimes de pensions de retraite*. Cette étude est devenue un élément clé du 'grand débat des pensions' des années 80.

la population âgée de 65+ ans et la population active prévue pour le Canada en 2030. Ce ratio est ce que les démographes appellent 'ratio de dépendance selon l'âge'.

L'âge ne reflète qu'une partie du fardeau d'une population dépendante, puisqu'il ne comprend que les aîné-e-s et non les jeunes. Ces derniers, en effet, exigent beaucoup



Les motifs de changements peuvent être regroupés sous trois grandes catégories : la démographie, l'équité entre les générations et les contraintes fiscales. Je propose de jeter un regard critique sur chacun de ces vastes domaines, bien qu'ils soient réellement tous liés. En outre, je démontrerai que l'idéologie politique est le facteur déterminant qui relie les mesures adoptées par les différents pays pour pallier au vieillissement de la population.

## 2.1 La magie noire de la démographie et les ratios de dépendance

On connaît bien le phénomène du vieillissement de la population; il n'y a donc pas lieu d'en discuter longuement. En 1991, 11,6 % des Canadiennes et Canadiens étaient âgés de plus de 65 ans. En l'an 2036, ce chiffre grimpera à 23,2 %.<sup>5</sup> Lorsque la génération du baby boom, soit les personnes nées entre 1945 et 1965, approchera de la retraite, son nombre fera augmenter de façon importante le pourcentage d'ainé-e-s — une considération importante pour la demande en soins de santé et en soins prolongés.

Bien sûr, ces projections sont fondées sur des estimations des taux de natalité, de mortalité et d'immigration, taux dont l'exactitude ne peut être confirmée sur une période de 45 ans. D'autant plus que la démographie d'une population vieillissante est affectée par les politiques d'immigration et autres politiques que le gouvernement peut adopter à sa guise au cours des années.

La population de certains autres pays est déjà plus âgée que la population canadienne. Par exemple, en 1970, l'Europe comptait 11,4 % de personnes âgées de plus de 65 ans. Vingt ans plus tard, ce chiffre passait à 13,4 % et on prévoit qu'il s'élèvera à 20,1 % en 2025. Le vieillissement de la population est un phénomène mondial. Tandis qu'en 1950, 5 % de la population mondiale dépassait les 65 ans, on prévoit qu'il en sera presque de 10 % en 2025.<sup>6</sup>



Nombre de ces éléments sont fondés sur l'âge et non le revenu. En d'autres mots, ils favorisent le transfert des ressources des moins âgés aux aînés. En règle générale, le Canada s'est clairement engagé sur la voie de la responsabilité collective en faveur des personnes âgées. Le principe fondamental de cet engagement veut que les aînés ont grandement contribué à la société, et qu'en reconnaissance de ceci, la collectivité les appuie à l'âge d'or.

Quelles sont donc les raisons qui poussent maintenant à remettre cet engagement en question et à modifier le contrat social avec les aînés? Comme le mentionnait Keith Banting, la question est de savoir si les temps ont tellement changé que les objectifs fondamentaux de nos programmes sociaux doivent faire de même. «L'heure est-elle venue de déclarer que nous ne pouvons plus nous permettre de placer la sécurité parmi nos objectifs sociaux importants; que dans un monde en évolution constante, cette sécurité est inaccessible; qu'il est temps de donner priorité aux changements; et qu'une plus grande partie des coûts des ajustements doit être transférée aux particuliers et aux régions? De la même façon, est-il temps d'admettre que les Canadiennes et Canadiens ne doivent plus voir les programmes sociaux comme des instruments d'intégration sociale, qu'ils ont à trouver d'autres points communs avec leurs concitoyens pour créer la solidarité?»<sup>4</sup>

## 2. DEVONS-NOUS MODIFIER NOTRE CONTRAT SOCIAL AVEC LES AÎNÉS?

Au Canada comme aux États-Unis, en Europe, en Australie et en Nouvelle-Zélande, on a soulevé de nombreuses raisons pour justifier la réouverture du contrat social avec les aînés. Bien entendu, tous ces pays sont engagés à différents degrés envers leurs aînés. Ils n'ont pas nécessairement le même genre de contrat social que le Canada. Néanmoins, ils sont tous à repenser leurs engagements envers leurs aînés, et donnent tous des raisons semblables.

universelle et les soins médicaux sont gratuits pour tous les aîné-e-s. Voilà qui explique la popularité de ces programmes chez les Américains et leur succès à repousser les attaques de leurs adversaires.

Le contrat social entre le Canada et ses aîné-e-s allie des avantages universels à une assurance sociale, et une quantité non négligeable de responsabilité individuelle. Il s'agit en quelque sorte d'un cas de responsabilité collective au sein d'une économie de marché.

La sécurité du revenu à la retraite est assurée par un régime de sécurité de la vieillesse financé à même les revenus généraux, et par des avantages liés aux revenus et basés sur les principes de l'assurance sociale. L'addition du Supplément de revenu garanti (SRG) est venu, en fait, fournir un revenu minimum garanti pour les aînés-e-s, bien qu'il soit relativement modeste. Toutefois, le système public de pensions ne paie qu'un montant de base et des déductions d'impôts intéressantes sont offertes aux particuliers afin de les inciter à voir eux-mêmes à leurs revenus de pension.

Les Canadiennes et les Canadiens peuvent travailler jusqu'à 65 ans sans discrimination, quoique la Cour suprême ait décrété que la retraite obligatoire à 65 ans est une exception valide à la discrimination selon l'âge dénoncée dans la *Charte canadienne des droits et libertés*. Les soins de la santé universels ont protégé les aîné-e-s des conséquences financières dévastatrices que pourrait apporter une longue maladie. Des avantages supplémentaires, comme les médicaments par ordonnance gratuits, ont été offerts aux aîné-e-s et non aux autres citoyens. En plus, des établissements de soins prolongés ont été financés par l'État. Par ailleurs, la *Loi de l'impôt sur le revenu* a offert des mesures fiscales avantageuses pour les aîné-e-s, telles le crédit d'impôt en raison d'âge et le crédit de revenu de pension. En outre, le secteur privé offre des rabais aux aîné-e-s, des taux d'intérêts supérieurs sur leurs économies, des tarifs réduits et autres bonis.

Traditionnellement, la démarche du Canada face à la responsabilité collective de ses citoyens se situait entre la démarche de l'Europe et celle des États-Unis. Alors que la plupart des pays européens offrent leurs programmes sociaux à tous leurs citoyens, le système américain insiste pour cibler les bénéficiaires aux défavorisés, sauf dans le cas des programmes pour les aînés-e-s. Leur 'sécurité sociale' est

L'aspect qui distingue le plus une société moderne d'une autre est sans doute la façon dont elle traite ses citoyens, qu'ils soient jeunes, âgés, pauvres, malades ou chômeurs. Depuis longtemps, les sociétés industrialisées reconnaissent le besoin d'une action collective en faveur de différents groupes de citoyens. On estime maintenant que la création de l'Etat providence<sup>1</sup> a servi à modérer l'intensité des conflits sociaux et à améliorer l'harmonie sociale.

## 1. QU'EST-CE QUE LE CONTRAT SOCIAL AVEC LES AÎNÉ-E-S?

Selon moi, cette diminution de notre engagement envers les aîné-e-s n'est pas inévitable. Je vous montrerai que les choix d'une société au sujet de ses aîné-e-s sont politiques et non économiques. Après tout, les sociétés utilisent ces paramètres depuis toujours pour décider de l'allocation de leurs ressources, tant entre les régions qu'entre les générations.

Dans les pages qui suivent, je décrirai ce qu'on entend par contrat social des aîné-e-s et j'examinerai les grandes raisons avancées pour justifier la nécessité et le moment de procéder à cette révision. J'évaluerai quelques solutions proposées ou mises en œuvre à l'étranger pour contrer ce que certains perçoivent comme la 'crise' du vieillissement de la population. Je m'attarderai plus particulièrement aux situations vécues aux États-Unis, en Nouvelle-Zélande, en Australie et en Europe, et je comparerai les contrats sociaux des aîné-e-s de ces pays avec les politiques publiques canadiennes. Puis, je définirai la trajectoire que prendra, d'après moi, notre contrat social, considérant les tendances sociales, démographiques, politiques et économiques actuelles du Canada. Enfin, je présenterai les grandes lignes du contrat social des aîné-e-s qui me semblent appropriées à l'avenir du Canada, en tenant compte des questions de soins de la santé, de sécurité du revenu, d'emploi et de services sociaux, et je décrirai la façon d'atteindre cet objectif.



FOR M

FOR M

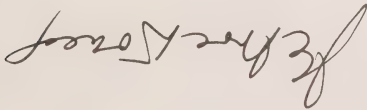
FOR M

FOR M



côtés à réfléchir à l'engagement social du Canada envers ses aînés et à faire  
part de leurs opinions à leurs représentants nationaux et fédéraux.

Le président,



John E. MacDonald, MD, FRCP(C)

*PREFACE*

- **Monica Townson** est une économiste experte-conseil d'expérience en politique sociale et sur les questions qui intéressent les aîné-e-s. Elle est l'auteur de *La situation économique des aîné-e-s au Canada: un précis*, publié par le Conseil consultatif national sur le troisième âge en 1991. Elle a présidé la Commission de l'équité fiscale de l'Ontario, qui a émis ses recommandations en 1993 en vue de la réforme fiscale dans cette province.

**EN QUOI CONSISTE  
LE CONSEIL CONSULTATIF NATIONAL SUR LE TROISIÈME ÂGE?**

Le Conseil consultatif national sur le troisième âge (CCNTA) a été créé par décret le 1<sup>er</sup> mai 1980, afin d'aider le ministre de la Santé et de le conseiller sur les questions du vieillissement de la population canadienne et de la qualité de vie des aîné-e-s. Le Conseil étudie les besoins et les problèmes des aîné-e-s, recommande des mesures correctives, assure la liaison avec les autres groupes intéressés au vieillissement, favorise les discussions avec le grand public, publie et diffuse de l'information sur le vieillissement.

Le Conseil est composé d'au plus dix-huit membres venant de toutes les parties du Canada. Les membres sont choisis en raison de leur intérêt et de leur expertise dans le domaine du vieillissement. Ils font bénéficier le Conseil de leur expérience, de leurs préoccupations et de leurs compétences.

**MEMBRES DU  
CONSEIL CONSULTATIF NATIONAL SUR LE TROISIÈME ÂGE**

(au 2 février 1994)

**Président**

John E. MacDonald

Halifax, Nouvelle-Ecosse

**Membres**

Julia Best

Andrea Boswell

Ruth Carver

Donna Ford

Marguerite Hogue-Charlebois

Wilma Mollard

Noëlla Porter

Médard Soucy

Southern Harbour, Terre-Neuve

Scarborough, Ontario

London, Ontario

Williams Lake, Colombie-Britannique

Montréal, Québec

Saskatoon, Saskatchewan

Sainte-Foy, Québec

Baie-Comeau, Québec

On peut obtenir des renseignements sur ce rapport auprès du

Conseil consultatif national  
sur le troisième âge  
Ottawa (Ontario)  
K1A 0K9  
tél.: (613) 957-1968  
fax: (613) 957-9938

La *Collection Forum* est une série de documents d'information conçue dans le but de sensibiliser l'opinion publique et de promouvoir les discussions.

John E. Macdonell, MD, FRCP(C)  
Président

Susan Fletcher  
Directrice exécutive

1<sup>ère</sup> impression: 1994

© Ministre des Approvisionnements et Services Canada 1994  
ISBN: 0-662-60192-0  
N° de cat.: H71-3/19-1994



**LE CONTRAT SOCIAL ET LES ÂÎNÉ-E-S:  
PRÉPARER LE XXI<sup>e</sup> SIÈCLE**

*par*

**MONICA TOWNSON**

**CONSEIL CONSULTATIF NATIONAL SUR LE TROISIÈME ÂGE  
MARS 1994**





**LE CONTRAT SOCIAL ET LES AÎNÉ-E-S:  
PRÉPARER LE XXI<sup>e</sup> SIÈCLE**

**COLLECTION  
FORUM**

